

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 97-004-E - ORDER NO. 97-462
MAY 28, 1997

IN RE: Annual Review of Base Rates for Fuel) ORDER
Costs of South Carolina Electric &) DENYING PETITION
Gas Company.) FOR REHEARING
) AND/OR
) RECONSIDERATION

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition for Rehearing and/or Reconsideration of our Order No. 97-361 dated May 1, 1997. In its Petition for Rehearing and/or Reconsideration, the Consumer Advocate for the State of South Carolina (the Consumer Advocate) takes issue with the fuel factor set in this case for South Carolina Electric & Gas Company (SCE&G or the Company) for the next twelve (12) months. For the reasons stated below, the Petition must be denied.

The gravamen of the Consumer Advocate's complaint is that this Commission should have accepted the stipulated fuel factor of 1.280¢ per kilowatt-hour. (See Hearing Exhibit 3, versus the original Company proposed fuel factor of 1.285¢ per kilowatt-hour.) The Consumer Advocate states that with the history of over-recoveries, that somehow the stipulated factor would result more closely in a zeroing-out of the Deferred Account.

S.C. Code Ann. Section 58-27-865(B) and (G) require the Commission to place in effect the base fuel cost which allows the Company to recover its fuel costs for the next 12 months adjusted for the over-recovery or under-recovery from the preceding 12 month period in a manner which assures public confidence and minimizes abrupt changes in charges. (emphasis added) In Order No. 97-361, we stated that we believe that the 1.285¢ per kilowatt-hour fuel factor best met this standard. Hearing Exhibit 5 submitted into evidence by Staff witness Richardson (Utilities Exhibit 10) showed that a 1.285¢ per kilowatt-hour fuel factor would be predicted to produce an under-recovery of \$103,371. The stipulated factor of 1.280¢ per kilowatt-hour would be predicted to produce an under-recovery of \$975,871. Therefore, we stated our belief that the 1.285¢ per kilowatt-hour fuel factor most closely met the standard set out by the General Assembly. This finding is supported by the substantial evidence in this case.

The Consumer Advocate states his belief that the Company has a past history of over-recoveries and, thus, the under-recovery that would be presented by the 1.280¢ per kilowatt-hour would be somewhat less than the predicted under-recovery of \$975,871. In stating this, the Consumer Advocate submitted nothing into the record to show the "past history of over-recoveries" alleged by it. Therefore, this allegation is without merit. Further, the Consumer Advocate stated that somehow our finding in this case would put the Commission in the position of treating the ratepayers of SCE&G and the ratepayers of Duke Power Company

(Duke) differently.

The Commission would note that SCE&G and Duke present very different pictures as to the number of fossil plants, the number of nuclear plants, the generation mix presented by the Companies, and other factors. SCE&G and Duke fuel cases must be examined individually in order to determine a fuel factor that most appropriately meets the standard set out by the General Assembly. The factor must be tailored to the particular Company under consideration. We are somewhat puzzled by the Consumer Advocate's allegations that we would treat the ratepayers of SCE&G and Duke differently. The Consumer Advocate states no credible basis for why it thinks that the consumers of SCE&G and Duke would be treated differently should we approve the requested fuel factor for Duke. The requested factor for Duke presents a predicted under-recovery for that Company just as the granted factor in this case produces a predicted under-recovery. Therefore, this allegation is without merit.

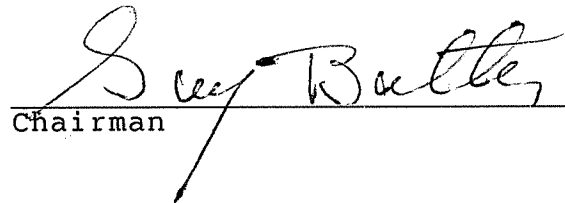
We believe that the Petition for Rehearing and/or Reconsideration of the Consumer Advocate in this case is not meritorious, and must be denied. We believe that we have applied correctly the necessary judgment to determine the most appropriate fuel factor for SCE&G that is most closely in compliance with the statutory standard set out by the General Assembly.

IT IS THEREFORE ORDERED THAT:

1. The Petition for Rehearing and/or Reconsideration of the Consumer Advocate is denied.

2. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)